

FEDERAL BUREAU OF INVESTIGATION

Report of LOS ANGELES	Office of LOS ANGELES	Date 6-19-56	Investigative Period 6-14-56
TITLE OF CASE AIR AMERICA Lockheed Air Terminal Burbank, California		By: RICHARD J. BUXTON (A)	By: AJGH
CHARACTER OF CASE ASCERTAINING FINANCIAL ABILITY			

U. S. Government has claim for \$992.99 against Air America, Lockheed Air Terminal, Burbank, California, which claim represents amount due for aviation fuel and oil obtained from Middletown Air Force Depot, Middletown, Pennsylvania, in 1953.

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DETAILS:

This investigation is predicated upon receipt of a letter from the United States Attorney, Los Angeles, California, dated May 1, 1956, in which it was requested that investigation be conducted by the Federal Bureau of Investigation at Los Angeles to determine the financial responsibility of Air America, Lockheed Air Terminal, Burbank, California, to make payment of the Government's claim in the amount of \$992.99 against this company. This letter indicated that this claim represented an amount due the Government for aviation fuel and oil.

Approved: <i>[Signature]</i> Special Agent in Charge	Do not write in spaces below
Copies: 2-BUREAU 1-USA, Los Angeles 3-LOS ANGELES (93-1325)	<div style="text-align: right; font-weight: bold; font-size: 1.2em;"> 47 RECORDED </div> <div style="text-align: center; margin-top: 50px;"> SIX JUL 5 1956 </div>

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At Los Angeles, California

On June 14, 1955, Miss MURIEL L. MERRELL, Claims Officer, United States Attorney's office, made available the file in this matter. This file reflected that the United States Government has a claim against Air America in the amount of \$992.99, which claim arose from an indebtedness arising from the obtaining of aviation fuel and oil by Air America at the Middletown Air Force Base, Middletown, Pennsylvania; specifically, on January 17, 1953, Air America received fuel and oil in the amount of \$180.35; on October 15, 1953, \$225.07; and on November 13, 1953, \$587.50. The total of these figures represents the claim.

By letter dated October 18, 1955, to the United States Attorney at Los Angeles, the Civil Division, Department of Justice, requested that action be taken to collect this indebtedness. It was indicated in this file that several unproductive attempts had been made in 1953 by the Department of the Air Force to collect this indebtedness from Air America and that the matter had been referred to the General Accounting Office (GAO) at Washington, D. C., for collection. In turn the GAO referred the matter to the Department of Justice.

The United States Attorney at Los Angeles on November 25, 1955, directed a letter of demand for payment of this indebtedness to Air America. This correspondence was returned with the following notations stamped on the envelope: "Moved, left no address." The letter had been directed to the Lockheed Air Terminal, Burbank, California. Thereafter the Postmaster at Burbank reported to the United States Attorney at Los Angeles that the last known address, dated January 15, 1954, for Air America was 74 Trinity Place, New York City, New York.

On February 6, 1956, the Postmaster at New York City advised the United States Attorney at Los Angeles that an order to cancel had been received June 3, 1955, and that an order directing mail to 200 West 57th Street, New York City, was entered for Air America.

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On March 12, 1956, the Postmaster at New York City advised the United States Attorney at Los Angeles that the mailing address for Air America was care of Ultramar, 200 West 57th Street, Room 1304, New York 19, New York. Thereafter the United States Attorney at Los Angeles directed a demand letter at the above address on March 28, 1956, and the letter was returned with the handwritten notations in ink on the outside of the envelope reflecting that on April 20, 1956, Air America had been traced to New York City address of 6 East 45th Street or 6 East 46th Street. Another notation indicated as follows: "If no luck, try F. Nolten, Capt., C. D., Burbank area."

On April 30, 1956, the Postmaster at New York City advised the United States Attorney at Los Angeles that "carriers state that Air America is not located at either 6 East 45th or 6 East 46th Street, New York City. No forwarding instructions on file for Air America."

A review of photostatic copies of these purchases made by Air America reflected that the supplies had been signed for by either Captain F. NOLTEN or Captain F. NOLTIN.

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ADMINISTRATIVE

An extra copy of this report is being designated for Los Angeles in the event investigation is unsuccessful in locating personnel of Air America in the Los Angeles area, at which time a copy of this report will then be furnished the New York office in an effort to determine if Air America was at any of the New York City addresses as indicated in the details of this report.

LEADS

LOS ANGELES OFFICE

At Burbank, California

1. Will conduct investigation at the Lockheed Air Terminal to determine personnel of Air America and their present whereabouts.

2. Will make inquiry concerning Captain F. NOLTEN, or NOLTIN, who had signed for fuel and oil supplies for Air America with the Middletown Air Depot.

At Los Angeles, California

Will check credit records through Dun and Bradstreet and the Retail Merchants Credit Association for background concerning Air America. Will thereafter interview personnel connected with Air America regarding the Government's claim to determine the financial responsibility of the principals of Air America to pay this claim.

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FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE

LOS ANGELES

OFFICE OF ORIGIN

LOS ANGELES

DATE

8-14-56

INVESTIGATIVE PERIOD

6/29;8/6-8/56

TITLE OF CASE

REPORT MADE BY

RICHARD J. BUXTON (A)

TYPED BY

AJGH

AIR AMERICA

Lockheed Air Terminal
Burbank, California

CHARACTER OF CASE

ASCERTAINING FINANCIAL ABILITY

SYNOPSIS:

International Airport, Inc., advised Air America (AA) took possession of a plane from International in 1953 by "trick and device." International Airport, Inc., had lien against this plane and subsequently recovered on the lien. No information available at International Airport, Inc., regarding MILLER. MILLER in interview advised he left AA in August 1952 and thereafter divested his interest in the stock by sale. He related he had owned over 80% of the company and that his 800,000 shares brought somewhere between \$200,000 and \$250,000. His purpose in leaving AA was to buy into United States Airlines, Inc., with which company he was made president. With the exception of \$30,000 or \$40,000, which he kept, with these funds he purchased 900,000 shares of United States Airlines at twelve and a half cents each. His purpose in leaving AA for United States Airlines was to make a big capital gain. During the time he was with AA he said he received \$1,000 a month as president and had no interest whatsoever in Airline Tickets, Inc., and Airlines Reservations, Inc. He stated that his only other investment during the period that he was with AA was to purchase, along with DON RICH, the Grimley Aircraft Company in 1950, the total price being \$35,000. He stated

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SYNOPSIS, cont'd

that his current income is \$25,000 a year from his investment in Grimley and \$10,000 a year as vice-president and director of Millrich Engineering, also in Burbank, California. Concerning any claims that the U. S. Government had against AA, MILLER felt that these must have been incurred subsequent to his leaving the company in August 1952 because at that time, according to MILLER, the company was completely liquid and had \$100,000 in cash in the bank. Concerning the whereabouts of the AA books and records, it was his opinion that they are in New York City located through either SIGMUND SHORE or Gearhart and Otis, Inc., investment company, at 74 Trinity Place, New York City.

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DETAILS:

At Los Angeles, California

On August 6, 1956, telephonic contact was made with FRED A. MILLER, 1717 Via Arriba, Palace Verdes, California, telephone Frontier 5-0539. This is the residence of MILLER. An attempt was made to interview him on that date. Due to other business commitments, an appointment was made for August 8, 1956, at the Long Beach Aeromotive Company, 2735 Spring Street, Long Beach, California.

On August 6, 1956, an attempt was made to contact A. J. BLACKMAN, attorney for International Airport, Inc., Lockheed Air Terminal, Burbank, California. Mr. BLACKMAN was unavailable for interview on that date.

On August 6, 1956, Mrs. KAY PATTERSON, Millrich Engineering Corporation, 175 West Magnolia, Burbank, advised that General RUSSELL E. RANDALL, United States Air Force (retired), was in Europe and would not return for about two months. RANDALL was a former president of Air America (AA) subsequent to the time that MILLER left AA.

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On August 7, 1956, GEORGE BATCHELOR, president of International Airport, Inc., advised that he had no knowledge of AA's financial picture and that they had rented hanger space to AA's aircraft during the time they were in operation. He referred the matter to International's attorney, A. J. BLACKMAN.

On August 6, 1956, Mrs. DON RICH, 603 North Palm Drive, Beverly Hills, California, advised that her husband was currently in San Diego, California, on a business trip and would not return to the Los Angeles area for approximately ten days. She advised that she would have Mr. RICH contact the Los Angeles Federal Bureau of Investigation (FBI) office upon his return.

On August 8, 1956, A. J. BLACKMAN, Room 923, 315 West 9th Street, Los Angeles, advised that he recalled having corresponded with an O'CONNOR of the Colonial Trust Company at 90 Wall Street, New York City, who was the trustee under an Air America, Inc., agreement and lease. In this correspondence he recalled having stated that AA had taken possession of a plane from International by "trick and device." He said that this reference concerned the fact that in 1953 International had a lien against AA in excess of \$7,500; that a telegram had been received from Aircoach Transport Association, Washington, D. C., stating that they would hold \$2,000 of funds of AA if International would release the plane that was being held there at International against the lien. Mr. BLACKMAN explained that this association, hereinafter referred to as ACTA, is a company that has a contract with the Defense Department of the United States Government for the handling of transportation of military personnel, that ACTA in turn funnels out this business to various carriers, one of which was AA. ACTA is paid by the Government and in turn disburses these funds to its carriers. In effect, BLACKMAN stated, the trick and device was made by AA, and particularly its president, SIGMUND SHORE, in that International released the plane on the telegram from ACTA only to find out later that AA did not have any funds forthcoming and was unable to pay the \$2,000 as promised in the telegram. BLACKMAN felt that ACTA was only doing the bidding of AA in this matter.

BLACKMAN stated that later someone in AA had contacted California Central Airlines, who had hangers at the same location as International, and had prevailed upon them to take one of AA's planes from the International hanger and put it over in California Central's hangers. He stated that this had been done around two o'clock one morning and that California Central had had this plane in its hanger for approximately six months. At this time California Central went into bankruptcy and International had gone into the bankruptcy court and shown their lien as being against AA, and at the time this particular aircraft of AA's was taken back under the lease agreement, International received the full amount of its lien before same was released.

BLACKMAN stated that his company had had no dealings with MILLER and that all of the activity with AA as far as International was concerned had occurred in 1953.

BLACKMAN stated that he did not know anything concerning the financial picture of AA.

On August 8, 1956, FRED A. MILLER was interviewed at Long Beach Aeromotive, 2735 Spring Street, Long Beach, where he was located due to personal business reasons. He stated that he has no connection with this company. MILLER related that in 1948 he evolved the idea of the air coach as a means of transportation and during that year founded AA, with initial capital on his part of \$7,500 cash. He said that he owned over 80 per cent of the stock in this newly formed company, each share being worth five or six cents at that time. The other stock was owned by DON RICH. He stated that the company had been very successful; that during the period that he was president and general manager of AA he had received \$1,000 a month salary.

MILLER related that in 1952 FREDERICK D. GEARHART, Jr., Gearhart and Otis, Inc., investment underwriters in New York City, had prevailed upon him to take over as president the United States Airlines, Inc., another carrier of the same type. GEARHART had promised him entry into the company

at twelve and a half cents per share and had more or less stated that the stock would be put on the market at \$2.00 to \$3.00 per share. MILLER said that he had envisioned making a terrific capital gain over this exchange and believed that this was his chance to become a millionaire. Accordingly, he left AA, with the understanding that if he so desired to re-purchase his stock, amounting to 800,000 shares at a subsequent date, he might do so. In other words, according to MILLER, based on Civil Aeronautics Board regulations, he could not own stock and be an officer of both companies, and therefore he had to sell his AA stock.

MILLER related that this stock was sold at varying figures from \$1.00 a share down to twenty-five cents a share and that the 800,000 shares that he had held in AA brought somewhere between \$200,000 and \$250,000 cash. He retained \$30,000 or \$40,000 and re-invested the remaining amount in United States Airlines stock, receiving 900,000 shares at twelve and a half cents a share.

He advised that Gearhart and Otis handled most of the sale of this stock. He stated that at the time he left AA in August 1952 the company had \$100,000 cash in the bank and was in a very liquid condition.

Concerning the succession of presidents in AA after he left, he said the first one was General RANDALL, who, he stated, had no knowledge of the company or how to operate it but was merely a figurehead because of his prestige as a retired Air Force general. He stated that WILLIAM B. MCCOY, investment broker, who he believed had headquarters in Boston, Massachusetts, with the firm Willard and McCoy, was the next president, and was then followed by SIGMUND SHORE.

According to MILLER, when he sold his stock under the trust agreement, which was on a non-voting basis, he had a verbal arrangement with MCCOY to purchase back if he did not like the setup at United States Airlines. He said that subsequent to going with United States Airlines the operation did not prove satisfactory and he had gone to MCCOY and attempted to re-purchase his stock, but MCCOY had refused to cancel the

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trust agreement and allow him to do so. He stated that as it turned out he was better off to have not been able to repurchase the stock because he had been unaware at that time of the sad financial picture of AA.

He blamed the failure of AA on three things:

1. Civil Aeronautics Board harassment for too much flying
2. The major airlines met the air coach competition, and as a part of this, AA had over-spent in advertising and had drained its cash reserve
3. Overexpansion of airline routes where business was not available to make those routes worthwhile

Concerning any interest in Airline Tickets, Inc., and Airlines Reservations, Inc., MILLER related that at no time had he ever had any interest in these companies or any other airline ticket company. He further stated that there was not a bit of truth in the statement that either he or RICH had siphoned off any profits during the time that they were connected with AA.

He stated that the only other investment he made during the period he was with AA was to purchase, along with RICH for \$17,500 each, the Grimley Engineering Corporation in 1950, 622 West Colorado Boulevard, Burbank. He advised that this is a precision tool company and that he receives \$25,000 a year as chairman of the board of directors. Of the total stock, he stated, he and RICH made a gift of ten per cent to the current president of the company, HARVEY RIGGS.

MILLER said that other current income is \$10,000 a year he receives as vice-president and director of Millrich Engineering, 177 West Magnolia, Burbank. He stated that he also owns one-half of the stock and is vice-president of

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Airplane Enterprises, 855 Avenue of Americas, New York City. He said that he receives no income from this company but that it owns one C-46 airplane, which is free and clear, and is leased to Capital Airlines, Nashville, Tennessee, at \$40 an hour as they use it on that basis. He stated that the reason he receives no income from this operation is that they have obligations outstanding and any monies received on a lease basis are paid toward these obligations.

The books and records, to the best of MILLER's knowledge, would be in New York City and could be located either through SIGMUND SHORE or Gearhart and Otis, Inc., 74 Trinity Place, New York City.

MILLER related that any claims arising against AA on the part of the United States Government must have occurred in operations subsequent to the time that he divested himself of stock in that company. He said that during the period that he was connected with AA, the company had not had any contracts for the handling of military personnel. He said that any military personnel who had transportation orders would be handled of course by AA as a carrier.

Concerning his personal financial position other than indicated above, he advised that he had talked to SA JOHN J. FLYNN, Jr., of the Los Angeles office of the FBI in about March 1956 and had outlined his financial picture at that time. He said that this was in connection with a claim held by the United States Government against United States Airlines, Inc., during the time that he was president of the company.

On June 29, 1956, MURIEL MERRELL, Claims Officer, United States Attorney's Office, Los Angeles, was advised that the United States Attorney at New York, Southern District of New York, likewise had requested investigation based on a claim exceeding \$41,000 against AA. Miss MERRELL stated that ordinarily the claim held by the Government of \$992.99 against AA, original investigation requested at Los Angeles, would not be consolidated. However, she said, after receiving this

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information, she would undoubtedly write the Department of Justice to see if the Claims Division desired to consolidate these two cases.

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ADMINISTRATIVE

For the information of the New York office, the Government likewise has a claim for \$992.99 against Air America, which claim represents the amount due for aviation fuel and oil obtained from the Middletown Air Force Depot, Middletown, Pa., in 1953. The United States Attorney at Los Angeles has requested the Los Angeles FBI office on 5-4-56, to check the financial picture of AA regarding their ability to pay this claim.

Further, it is noted in the report of SA WILLIAM C. NASH (A) dated 6-11-56, at New York, that Los Angeles had been the office of origin in a matter entitled "FRED A. MILLER; JOHN A. MARKLEY, Jr.; AIR AMERICA, INC.; CARIBBEAN AMERICAN LINES, INC. - RAILWAY LABOR ACT." The New York file in this matter was indicated as 125-6. The Los Angeles file, 125-5, in which Los Angeles was origin, reflected that on 5-24-54, the United States Attorney at Los Angeles declined prosecution as the facts were not indicated as aggravated and the NLRB had previously taken action in the matter. This is a closed case in the Los Angeles office.

In addition to the two claims against AA, it is noted under Los Angeles file 93-1018, New York file 93-901, of which the United States Attorney at New York has a copy as well as the United States Attorney at Los Angeles, that the case titled "FRED A. MILLER, President, United States Airlines, Inc.," had been originated at New York and was changed to Los Angeles.

The report of SA JOHN J. FLYNN in this matter dated 2-29-56, at Los Angeles, reflects an interview with MILLER at the Los Angeles office on 2-8-56. The report of SA JOHN J. FLYNN dated 4-23-56, at Los Angeles, reflects extensive investigation concerning MILLER's financial picture. Due to this fact, no further inquiry will be made in the Los Angeles area concerning MILLER's financial background.

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ADMINISTRATIVE, cont'd

A letter is being directed to the United States Attorney at Los Angeles, with a copy to the United States Attorney, Southern District of New York, reflecting briefly the various claims against AA and FRED A. MILLER, President, United States Airlines, Inc., in order that each United States Attorney may have a complete picture concerning the various claims.

LEADS

NEW YORK OFFICE

At New York, New York

*1 Will interview PIKE WALDROP, attorney, Kelsey, Waldrop and Spalding, 55 Liberty Street, New York City, concerning any information he may have regarding AA.

*2. Will contact E. V. OTIS of Gearhart and Otis, Inc., 74 Trinity Place, New York City, to ascertain the whereabouts of BERNARD CHUBET for purpose of interviewing the latter as to information regarding present activities of AA.

*3. Will interview NATHAN KOHN, Ultramar International Corporation, 200 West 57th Street, New York City, regarding the whereabouts of books and records of AA and obtain any other pertinent information regarding AA.

LOS ANGELES OFFICE

At Beverly Hills, California

Will interview DON RICH, 603 North Palm Drive, regarding activities of AA during the time that he was connected with that organization; as to what he did with the stock that he held in the company; and the financial picture of AA up until the time that he separated himself from that company.

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REFERENCES

Report of SA RICHARD J. BUXTON (A) dated
6-19-56, at Los Angeles;

Reports of SA WILLIAM C. NASH (A) dated
6-11 and 8-2-56, at New York.

ADMINISTRATIVE

FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE LOS ANGELES	OFFICE OF ORIGIN LOS ANGELES	DATE 9/26/56	INVESTIGATIVE PERIOD 9/24/56
TITLE OF CASE AIR AMERICA Lockheed Air Terminal Burbank, California		REPORT MADE BY RICHARD J. BUXTON (A)	CLASSIFIED BY DDC
		CHARACTER OF CASE ASCERTAINING FINANCIAL ABILITY	

SYNOPSIS:

DONALD RICH, Beverly Hills, California, advised had no financial interest in Air America (AA). He stated that he had owned Airline Reservations, Inc. of Illinois; Airline Reservations, Inc. of New York; and Airline Tickets, Inc., which was a sales agency for AA exclusively in selling airline tickets. He stated he worked on approximately 25% commission and that ticket agencies were in existence from June, 1948 to the end of 1953, when these companies became financially insolvent.

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DETAILS:

AT BEVERLY HILLS, CALIFORNIA

On September 24, 1956, DONALD RICH, 603 North Palm Drive, was interviewed regarding his connection with Air America (AA). RICH at the outset stated that his legal name is DONALD REICHGOTT, but that he uses the name RICH for professional reasons. He stated that his income tax returns

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bear both names.

According to RICH, he had never in any way been connected with AA as a stockholder, officer or held any financial interest in that company. He stated that in spite of the fact that MILLER had previously stated that he owned approximately twenty per cent of the stock of AA, RICH reiterated that this was not so. He stated that his only connection with AA was to act as a sales agency for the sale of airline tickets for AA exclusively.

According to this individual, he had been president of Airline Tickets, Inc., which company held offices in the Los Angeles area at the Lockheed Air Terminal and later at 1607 North Vine Street, Hollywood, California. At the same time Airline Reservations, Inc. of Illinois was formed and operated in Chicago, and Airline Reservations, Inc. of New York was formed and operated in New York City. He stated for all purposes they were the same company, but that on the advice of his attorney he had set up the three individual corporations. According to RICH, he was president of all three companies and owned ninety per cent of the business. The vice-president was BETTE MANN, who had held ten per cent and is now deceased.

The companies were formed, according to RICH, in June, 1948, and went out of business on December 31, 1953. He stated that they became financially insolvent and that the reason was that, in his opinion, they had tried to expand too rapidly. RICH related that he is still paying withholding and Social Security taxes on these businesses and at the present time has paid approximately \$20,000 toward reducing these liabilities and owes approximately \$20,000 more. RICH related that he had operated these companies on approximately a twenty-five per cent commission; and in addition to being the sales agency for AA exclusively, also sold tickets to all other non-scheduled airlines.

RICH stated that there would be no truth in the statement that he and FRED MILLER siphoned the profits from AA inasmuch as he had never himself been connected with that company; and, further, he did not believe that MILLER, whom he considered a personal friend, had ever used the funds of AA against the best interests of the company.

RICH related that when these various airline ticket companies became defunct, he was financially embarrassed, and that he has since become solvent again due to other lucrative business ventures.

According to this individual, his current business interests are vice-president and director of Grimley Engineering Company, for which he receives approximately \$10,000 a year income. He owns forty-five per cent of the stock of this company, which is located at Burbank, California. He stated that he recently purchased between ten and twenty per cent interest in the Long Beach Aeromotive at Long Beach Municipal Airport, Long Beach, California. He stated that he is a director of this corporation and invested \$20,000 for this interest. He stated at the present time he is not realizing any profit from it, but with the great expansion of the aircraft industry, he looks to this to be a very profitable investment.

His only other interest is in Airplane Enterprises, Inc., which consists of the ownership of a C-46 airplane which is free and clear and is leased to Capital Airlines at Nashville, Tennessee. He stated that he and FRED MILLER are co-owners of this aircraft and that due to repairs that were made to put this aircraft in workable condition, no profits have been realized from this investment yet.

RICH related that he owns his own home and between the furnishings and the house, he values this property at \$50,000. He stated he owes approximately \$25,000 on it.

The following descriptive data is set forth as obtained from personal observation and interview of RICH:

Born	December 25, 1911
	Rochester, New York
Height	5'10 $\frac{1}{2}$ "
Weight	175 lbs.
Race	Caucasian
Eyes	Brown
Complexion	Tanned
Hair	Curly black
Education	High school graduate; attended New York University and Columbia University for 4 years, no degree received.

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Marital status
Wife
Residence

Occupation
Criminal record
Military service

Scars and marks

Married
ANNE BICE
693 North Palm Drive
Beverly Hills, California
Industrialist
States never arrested
U. S. Army, 1942 -
August, 1945: honorable
discharge as corporal four
medical disability
6" diagonal scar where
right kidney removed.

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LEADS

NEW YORK OFFICE

At New York City, New York

* Will interview NATHAN KOHN, Ultramar International Corporation, 200 West 57th Street, New York City, regarding the whereabouts of books and records of AA and obtain any other pertinent information regarding AA.

LOS ANGELES OFFICE

At Los Angeles, California

Upon receipt of investigation by New York as to the financial condition of AA as reflected in the books and records, will discuss this matter with the United States Attorney.

REFERENCE

Report of SA RICHARD J. BUXTON (A) dated 8/14/56 at Los Angeles.

Report of SA WILLIAM C. NASH (A) dated 8/2/56 at New York.

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FEDERAL BUREAU OF INVESTIGATION

Reporting Office LOS ANGELES	Office of Origin LOS ANGELES	Date 10/29/56	Investigative Period 10/22,24/56
TITLE OF CASE AIR AMERICA Lockheed Air Terminal Burbank, California		Report made by RICHARD J. BUXTON (A)	Classified By Set
		CHARACTER OF CASE ASCERTAINING FINANCIAL ABILITY	

Synopsis:

USA at Los Angeles advised that unable to render opinion in this matter until the books and records of Air America have been checked.

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DETAILS

At Los Angeles, California

On October 22, 1956, Miss MURIEL MERRELL, Claims Officer, United States Attorney's office, advised that this matter had been assigned to Assistant United States Attorney JORDAN A. DREIFUS.

On October 24, 1956, Mr. DREIFUS advised that he had recently received voluminous material from the Department of Justice, Washington, D. C., regarding not only Air America, but other related air lines in which FRED MILLER and others had an active interest and against which the United States Government has a claim. Mr. DREIFUS stated that he had not

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had sufficient time to review all the material but in the instance of Air America, desired, before rendering an opinion as to whether further investigation would be required, that the results of the review of the books and records ostensibly in New York City be made available.

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LEADS

NEW YORK OFFICE

At New York City, New York

Will interview NATHAN KOHN, Ultramar International Corporation, 200 West 57th Street, New York City, regarding the whereabouts of books and records of Air America and obtain any other pertinent information regarding Air America.

LOS ANGELES OFFICE

At Los Angeles, California

Upon receipt of investigation by New York as to the financial condition of Air America as reflected in the books and records, will discuss this matter with the United States Attorney.

REFERENCE

Report of SA RICHARD J. BUXTON (A) dated 9/26/56 at Los Angeles.

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FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE LOS ANGELES	OFFICE OF ORIGIN LOS ANGELES	DATE 12/27/56	INVESTIGATIVE PERIOD 12/18/56
TITLE OF CASE AIR AMERICA Lockheed Air Terminal Burbank, California		REPORT MADE BY RICHARD J. BUXTON (A)	TYPED BY Jeh
		CHARACTER OF CASE ASCERTAINING FINANCIAL ABILITY	

SYNOPSIS:

USA, Los Angeles, California, advised of USA's decision regarding claim against Air America. He stated he would consider writing the department regarding claim against Air America at Lockheed Air Terminal as being uncollectible.

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DETAILS:AT LOS ANGELES, CALIFORNIA:

On December 18, 1956, Assistant U. S. Attorney JORDAN A. DREIFUS was advised that Assistant U. S. Attorney GERARD L. GOETTEL, U. S. Attorney's Office, Southern District of New York, New York, has advised the FBI Office in New York City that he was writing the Department recommending that the case be closed as uncollectible. Further, that the Assistant U. S. Attorney, New York, advised that although information had been received through investigation, the former officer of Air America, FRED A. MILLER, had allegedly misused funds of the corporation, the Government could not go against him even if this

APPROVED <i>JFM</i>	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN SPACES BELOW
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allegation were proved true, since investigation had disclosed that MILLER had disposed of his stock interest prior to the time transportation overpayments were made.

Mr. GOETTEL further advised that a review of the information on hand did not suggest to him a means of effecting a recovery of the claim against Air America, New York; therefore, he considered it uncollectible.

Mr. DREIFUS was advised that in view of the opinion by Mr. GOETTEL, the FBI office in New York was holding in abeyance any pending investigation until the department acted upon the U. S. Attorney's recommendation.

Mr. DREIFUS stated that in view of the above opinion by Mr. GOETTEL, he would likewise consider writing the department regarding the claim against Air America at Lockheed Air Terminal, Burbank, California, as to whether it would be uncollectible.

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LEAD

LOS ANGELES OFFICE

At Los Angeles, California:

Will discuss this matter with U. S. Attorney upon receipt of information as to the department's opinion of whether the claim against Air America of New York is uncollectible.

REFERENCE

Report of SAA RICHARD J. BUXTON 10/29/56 at Los Angeles
New York letter to Bureau 10/16/56

ADMINISTRATIVE

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FEDERAL BUREAU OF INVESTIGATION

Reporting Office LOS ANGELES	Office of Origin LOS ANGELES	Date 2/12/57	Investigative Period 2/11/57
TITLE OF CASE AIR AMERICA Lockheed Air Terminal Burbank, California		Report made by RICHARD J. BUXTON, (A)	Typed By mjg
		CHARACTER OF CASE ASCERTAINING FINANCIAL ABILITY	

Synopsis:

USA, Los Angeles, advised he will withhold opinion until books and records are reviewed.

- P -

DETAILS:

AT LOS ANGELES, CALIFORNIA:

On February 11, 1957, JORDAN A. DREIFUS, Assistant United States Attorney, Los Angeles, advised that he will withhold any opinion as to further action until such time as the books and records of Air America are reviewed by the Newark FBI Office.

- P -

Approves <i>[Signature]</i>	Special Agent in Charge	Do not write in spaces below			
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LEAD

LOS ANGELES OFFICE:

AT LOS ANGELES, CALIFORNIA:

Will, upon receipt of information pertaining to a review of the books and records of Air America by Newark, contact the United States Attorney's Office at Los Angeles regarding his opinion as to whether the United States Government will be able to collect against Air America, Lockheed Air Terminal, Burbank, California.

REFERENCES

New York letter to the Bureau dated December 28, 1956.

Report of SA (A) WILLIAM C. NASH at New York dated January 15, 1957.

Newark letter to the Bureau dated February 5, 1957.

ADMINISTRATIVE PAGE

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FEDERAL BUREAU OF INVESTIGATION AIR 11

Reporting Office LOS ANGELES	Office of Origin LOS ANGELES	Date 4/19/57	Investigative Period 4/17/57
TITLE OF CASE AIR AMERICA Lockheed Air Terminal Burbank, California		Report made by RICHARD J. BUXTON (A)	Typed By: CDC
		CHARACTER OF CASE ASCERTAINING FINANCIAL ABILITY	

Synopsis:
AUSA, Los Angeles, requested FRED MILLER be reinterviewed as to any additional information as to the location of books and records of Air America.

- P -

DETAILS:

AT LOS ANGELES, CALIFORNIA

On April 17, 1957, JORDAN A. DREIFUS, Assistant United States Attorney, advised that in order to make a further decision in this matter, it would be necessary to locate the books and records of Air America (AA). He stated that FRED MILLER should be reinterviewed as to any further knowledge that he might have as to the exact location of these books and records inasmuch as NATHAN KOHN had indicated that he had never received books and records from SIGMUND SHORE. Mr. DREIFUS stated that inquiry should be made of MILLER as to any corporate tax returns that he might have for AA for the years 1952, 1953 and 1954.

- P -

Approved: <i>[Signature]</i> Copies made: <i>[Initials]</i>	Special Agent in Charge	Do not write in spaces below	
2 - Bureau 1 - USA, Los Angeles 3 - New York (93-959) (1 - USA, SDNY) 2 - Los Angeles (93-1325)	<i>[Handwritten initials and date: 4-26-57]</i>	<i>[Handwritten: 93-12655]</i>	<i>[Handwritten: 1-2]</i>
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LEAD

LOS ANGELES OFFICE

At Palos Verdes, California

Will reinterview FRED A. MILLER, 1717 Via Arriba, regarding any further information as to the whereabouts of the books and records of AA.

Will attempt to obtain copies of the 1952, 1953 and 1954 tax returns for AA. If not in his possession, will obtain same from other sources.

REFERENCES

Report of SA ROY F. RODMAN (A) dated 3/25/57
at Newark.

Report of SA RICHARD J. BUXTON (A) dated 2/12/57
at Los Angeles.

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FEDERAL BUREAU OF INVESTIGATION

Reporting Office	Office of Origin	Date	Investigative Period
LOS ANGELES	LOS ANGELES	6/27/57	6/6.24/57
TITLE OF CASE		Report made by	Typed By:
		RICHARD J. BUXTON (A)	elc
AIR AMERICA Lockheed Air Terminal Burbank, California		CHARACTER OF CASE	
		ASCERTAINING FINANCIAL ABILITY	

FRED A. MILLER reinterviewed; advised has no knowledge of whereabouts of books and records of Air America. Believes should be in possession of SIGMUND SHORE in New York City.

- P -

DETAILS:

AT LOS ANGELES, CALIFORNIA

On June 6, 1957, T-1, who has furnished reliable information in the past, advised SAA JOSEPH F. CUNNINGHAM, JR., that he would obtain copies of the 1952, 1953 and 1954 tax returns for Air America. Upon receipt of same, he will advise SAA JOSEPH F. CUNNINGHAM, JR., so that they might be reviewed.

Approved: <i>[Signature]</i>	Special Agent in Charge	Do not write in spaces below	
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On June 24, 1957, FRED A. MILLER, 1717 Via Arriba, Palos Verdes, California, was recontacted and advised that he has no actual knowledge of the whereabouts of the books and records of Air America. It was MILLER's recollection that since WILLIAM MC COY was President of the company after MILLER that the books would have been turned over to him. However, since SIGMUND SHORE was President subsequent to MC COY, it was his opinion that these books should be with SHORE in New York City. It was his recollection also that NATHAN KOHN should have knowledge of the books and records inasmuch as it was his recollection KOHN had invested considerable funds in the Air America subsequent to the time that MILLER was associated with the company; that KOHN was supposed to have obtained these books and records for purposes of an audit in view of his investment in Air America. MILLER could not recall where he had obtained this information.

MILLER stated that he does not have copies of the tax returns for Air America for any year.

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LA 93-1325

INFORMANT

T-1

PATRICK W. FULLER, Inspector in Charge, Internal Revenue Section, Los Angeles, California

LEAD

LOS ANGELES OFFICE

AT LOS ANGELES, CALIFORNIA

Will, upon receipt of information from FULLER that the tax returns are available, review them.

REFERENCES

Report of SA RICHARD J. BUXTON (A) dated 4/19/57 at Los Angeles.
Report of SA WILLIAM C. NASH (A) dated 5/2/57 at New York.

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ADMINISTRATIVE PAGE

Office Memorandum • UNITED STATES GOVERNMENT

TO : DIRECTOR, FBI

DATE 8/27/57

FROM : SAC, LOS ANGELES (93-1325)

SUBJECT: AIR AMERICA
Lockheed Air Terminal
Burbank, California
AFA

OO: LOS ANGELES

Enclosed herewith are two copies for the Bureau and three copies for the New York Office of a memorandum dated 8/27/57, concerning captioned company.

Mr. PATRICK W. FULLER, Inspector in Charge, Internal Revenue Inspection Service, 1031 South Broadway, Los Angeles, California, made available the negative information concerning AIR AMERICA as set forth in enclosed memorandum to SA JOSEPH F. CUNNINGHAM, JR. on 8/9/57.

The New York Office is requested to direct one copy of the enclosed memorandum to the U. S. Attorney, Southern District of New York.

2-BUREAU (ENCLS. 2)
2-NEW YORK (ENCLS. 3)(93-959)
1-LOS ANGELES

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UNITED STATES DEPARTMENT OF JUSTICE

FEDERAL BUREAU OF INVESTIGATION

Los Angeles, California

August 27, 1957

In Reply, Please Refer to
File No.

AIR AMERICA
Lockheed Air Terminal
Burbank, California
ASCERTAINING FINANCIAL ABILITY

On August 9, 1957, it was determined that no income tax returns had been filed in Los Angeles, California, under the name of Air America, Inc. for the years 1952, 1953 and 1954.

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ENCLOSURE

FEDERAL BUREAU OF INVESTIGATION

Reporting Office LOS ANGELES	Office of Origin LOS ANGELES	Date 12/5/57	Investigative Period 11/21/57
TITLE OF CASE AIR AMERICA Lockheed Air Terminal Burbank, California		Report made by RICHARD J. BUXTON (A)	
		CHARACTER OF CASE ASCERTAINING FINANCIAL ABILITY	

Synopsis:

AUSA, Los Angeles, California, stated no further action contemplated by him, until books and records of Air America have been located and reviewed.

- P -

DETAILS:

AT LOS ANGELES, CALIFORNIA

On November 21, 1957, BURTON C. JACOBSON, Assistant U. S. Attorney, advised that he contemplated no further action in this matter until the books and records of Air America are located and reviewed to determine if there are any assets that can be located to satisfy Air America's obligations to the United States Government.

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Approved <i>[Signature]</i>	Special Agent in Charge	Do not write in spaces below	
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Office Memorandum • UNITED STATES GOVERNMENT

TO : DIRECTOR, FBI

DATE: 12/5/57

FROM : SAC, LOS ANGELES (93-1325)

SUBJECT: AIR AMERICA
Lockheed Air Terminal
Burbank, California
AFA
OO: Los Angeles

Enclosed are two copies of report of SAA RICHARD J. BUXTON dated 12/5/57 at Los Angeles.

LEAD

NEW YORK OFFICE:

AT NEW YORK, NEW YORK.

Will continue efforts to locate books and records of Air America for review.

LOS ANGELES OFFICE:

AT LOS ANGELES, CALIFORNIA.

Will contact U. S. Attorney after results of New York investigation.

REFERENCE

Report of SA WILLIAM C. NASH (A) dated 7/18/57 at New York.
Letter to the Bureau from Los Angeles dated 8/27/57.

- 2 - Bureau (Encls. - 2)
- 2 - New York (Encls. - 3)
- 2 - Los Angeles (93-1325)

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FEDERAL BUREAU OF INVESTIGATION

Reporting Office LOS ANGELES	Office of Origin LOS ANGELES	Date 2-24-58	Investigative Period 1/10;2/14/58
TITLE OF CASE AIR AMERICA Lockheed Air Terminal Burbank, California		Report made by RICHARD J. BUXTON (A)	Typed By: bju
		CHARACTER OF CASE ASCERTAINING FINANCIAL ABILITY	

Synopsis:

AUSA, Los Angeles, advised no further investigation required at present. Stated Internal Revenue Service is reviewing books and records of Air America at Los Angeles toward discovery of possible tax fraud.

- P -

DETAILS:

AT LOS ANGELES, CALIFORNIA

Approved <i>AKB</i>	Special Agent In Charge	Do not write in spaces below	
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On January 10, 1958, attempt was made to contact JORDAN A. DREIFUS, Assistant United States Attorney, with negative results.

On February 14, 1958, Assistant United States Attorney DREIFUS advised that the Security Exchange Commission had conducted hearings at Los Angeles in the latter part of December, 1957, and that FRED MILLER and DONALD RICH had testified before the hearings without any information of value being obtained toward settling Air America's obligations to the United States Government.

Mr. DREIFUS advised that the Internal Revenue Service in Los Angeles is currently reviewing the books and records of Air America toward discovery of possible tax fraud.

In view of this, the Assistant United States Attorney stated there would be no further investigation required at present.

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Office Memorandum • UNITED STATES GOVERNMENT

TO : DIRECTOR, FBI

DATE: 2-24-58

FROM : SAC, LOS ANGELES (93-1325)

SUBJECT: AIR AMERICA
Lockheed Air Terminal
Burbank, California
AFA

Enclosed herewith are two copies of the report of SAA RICHARD J. BUXTON for the Bureau and two copies enclosed for New York dated as above at Los Angeles.

LEADSLOS ANGELES OFFICE:AT LOS ANGELES, CALIFORNIA

- (1) Will make check with Dun and Bradstreet and/or other logical checks to obtain background data re Airline Tickets, Inc. (a California Corporation).
- (2) Will maintain contact with United States Attorney to determine any additional investigation requested.

REFERENCES

Report of SAA WILLIAM C. NASH dated 1-7-58
at New York.

Report of SAA RICHARD J. BUXTON dated 12-5-57
at Los Angeles.

2 - Bureau (Encls. - 2)
2 - New York (Encls. - 3) (93-959)
2 - Los Angeles

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Office Memorandum • UNITED STATES GOVERNMENT

TO : DIRECTOR, FBI

DATE: June 18, 1958

FROM : SAC, LOS ANGELES (93-1325)

SUBJECT: AIR AMERICA
LOCKHEED AIR TERMINAL
BURBANK, CALIFORNIA
AFA

On May 21, 1958, JORDAN A. DREIFUS, Assistant United States Attorney, advised that he was thinking of proceeding individually against FRED A. MILLER and DONALD RICH rather than Air America. He based this on the belief that MILLER and RICH denuded Air America of any assets back in about 1952. Further, that the Internal Revenue at Los Angeles has a current investigation against MILLER and RICH and have for approximately a year been conducting their own investigation into all facets of the two individuals' operations not only in connection with Air America, but also Airline Tickets and any other enterprises in which the two have been engaged. He stated that the audit is expected to be completed by July 15, 1958, and the same will be made available to a representative of the FBI at Los Angeles. DREIFUS advised that CHARLES E. PERMAN is the Internal Revenue Agent handling the audit, and quoted PERMAN as expressing the opinion that as of now it would appear that a tax fraud case is forthcoming.

DREIFUS stated that there were about 2000 pages of testimony taken at the SEC hearings conducted in Los Angeles in December, 1957, and early 1958; that these are now with SEC in New York; and requested that the records again be reviewed by the New York Office as to the testimony showing the relationship between MILLER and RICH and particularly any testimony that would reflect or indicate that Air America and Airline Tickets were alter egos of each other.

It was also indicated by DREIFUS that he did not consider Miss ESTHER ANTELL, Attorney, Securities and Exchange Commission, 225 Broadway, New York, the person who conducted the hearings in Los Angeles, as a particularly cooperative person in furnishing details. He based this on

- 2 - Bureau
- 2 - New York City (93-959)
- 1 - Los Angeles

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the fact that SEC had tried to maintain a "friendly witness" attitude toward MILLER and RICH in order to direct their inquiry toward obtaining information against Gearhart and Otis Brokerage Firm in New York with a view toward revoking their license.

It was noted in the reports of SA WILLIAM C. NASH (A) dated January 7, 1958, and March 27, 1958, at New York City, that Miss ANTELL had furnished information from the hearings at Los Angeles to Agent NASH.

LEAD

NEW YORK DIVISION

AT NEW YORK CITY

New York is requested to review the transcript of testimony in possession of the SEC for any testimony showing the relationship between MILLER and RICH and particularly any testimony that would reflect or indicate that Air America and Airline Tickets were the alter egos of each other.